



**Sean Rogan**  
Executive Director

**COMMUNITY DEVELOPMENT COMMISSION  
of the County of Los Angeles**

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*Commissioners*

September 30, 2014

The Honorable Board of Commissioners  
Community Development Commission  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, California 90012

Dear Commissioners:

**ADOPTED**

BOARD OF SUPERVISORS  
COUNTY OF LOS ANGELES

3-D September 30, 2014

*Sachi A. Hamai*  
SACHI A. HAMAI  
EXECUTIVE OFFICER

**APPROVE HEALTH PLANS  
(ALL DISTRICTS) (3 VOTES)**

**SUBJECT**

This letter recommends approval of the Community Development Commission (Commission) employee health benefits for calendar year 2015. The only major change is the recommended replacement of Health Net with Cigna Healthcare (Cigna) as one of the group medical plans provided for Commission employees.

**IT IS RECOMMENDED THAT THE BOARD:**

1. Authorize the Executive Director, or his designee, to execute contracts at the proposed premium rates (Attachment A), for group medical plans provided by Cigna (HMO) and (PPO), and Kaiser Health Plan (Kaiser), to be effective January 1, 2015.
2. Approve the employer-paid medical subsidy for calendar year 2015 to Cigna and Kaiser, at an estimated cost not to exceed \$500,000.
3. Authorize the Commission to fund all calendar year 2015 health plan costs using funds included in the approved Fiscal Year 2014-15 budget, and funds to be approved through the annual budget process for Fiscal Year 2015-16.
4. Find that the approval of employee health plans for calendar year 2015 is not subject to the provisions of the California Environmental Quality Act (CEQA) because the activities are not defined as a project under CEQA.

## **PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

The purpose of the recommended action is to provide Commission employees affordable health care coverage that is comparable with plans offered to County employees for calendar year 2015. The current plans end on December 31, 2014.

## **FISCAL IMPACT/FINANCING**

There is no fiscal impact to County General Fund. The expenses will be fully covered using Commission and Housing Authority funding.

Employees receive an employer contribution to assist with the purchase of medical, dental, vision, and life insurance benefits. Currently, employees covered by the Optional benefit plan receive an employer contribution of \$850 per month. On December 10, 2013, your Board approved this amount for 2014, and approved a subsequent increase to \$875 per month for 2015. The estimated cost of this increase is \$21,000.

In an effort to help employees pay for medical insurance coverage, the Commission will continue to provide an employer-paid medical subsidy. This amount, projected at a cost not to exceed \$500,000, combined with the amount contributed by each employee, will fund the premiums for medical insurance for calendar year 2015.

The current Fiscal Year 2014-15 budgets of the Commission and Housing Authority include funds for the proposed health plan changes through June 30, 2015. The annual budget process for Fiscal Year 2015-16 will include funding for the remainder of the calendar year costs.

## **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

Employees are currently provided with Health Net HMO/EOA, Health Net PPO, and Kaiser as employee medical plan options. During the months of July and August, the Commission evaluated these plans and the cost increases for 2015, with the assistance of the Commission's insurance broker, Alliant Insurance Services.

Negotiations with Health Net resulted in a premium increase of approximately 14.0% for the HMO and 18.5% for the PPO; these increases include a 5.25% fee imposed under the Affordable Care Act (ACA). Negotiations with Cigna resulted in a premium increase of approximately 1.1% for the HMO and premium decrease of 3.2% for the PPO. The Cigna renewal represents an average savings of approximately 1% below the Commission's 2014 costs for the same plan offerings. Therefore, the Commission recommends replacing Health Net with Cigna medical.

Kaiser is requiring an overall increase of 2.9%, inclusive of a 1.74% fee imposed under the ACA.

The new monthly employee contribution for each medical plan is provided in Attachment A.

The annual open enrollment period, which allows Commission employees to enroll in health plans for 2015, will begin following your Board's approval.

## **ENVIRONMENTAL DOCUMENTATION**

This action is exempt from the provisions of the National Environmental Policy Act pursuant to Title

The Honorable Board of Supervisors

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24 of the Code of Federal Regulations, Part 58, Section 58.34 (a)(3) because it involves administrative activities that will not have a physical impact on or result in any physical changes to the environment. The action is not subject to the provisions of CEQA pursuant to State CEQA Guidelines 15060(c)(3) and 15378 because it is not defined as a project under CEQA and does not have the potential for causing a significant effect on the environment.

**IMPACT ON CURRENT SERVICES (OR PROJECTS)**

The recommended actions are consistent with the principle of promoting the well-being of Commission employees and their families by offering comprehensive employee benefits.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Sean Rogan", followed by a horizontal line.

SEAN ROGAN

Executive Director

SR:MF:jd

Enclosures

## Attachment A

### Monthly Employee Contribution for 2015\*

#### Cigna HMO\*

Employee Only	\$450
Employee + One	\$840
Family	\$1170

#### Cigna PPO\*

Employee Only	\$840
Employee + One	\$1845
Family	\$2500

#### Kaiser\*

Employee Only	\$477
Employee + One	\$887
Family	\$1195

\* Reflective of the employee cost after the subsidy is applied to the actual plan cost.